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Paul La Schiazza
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December 2, 1996

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P. O. Box 30221
Lansing, Michigan 48909

**Re: MPSC Case No. U-10138
Case No. U-11104**

Dear Ms. Wideman:

In our filing in U-11104 on November 27, 1996, we advised the Commission of our intention to provide intraLATA toll dialing parity "to 50% of the lines on December 2, 1996."

Attached is a list of the exchanges composing 40% of lines that are being converted to intraLATA toll dialing parity as of today. This is in addition to the 10% of lines converted January 1, 1996. This brings the total converted lines to 50% as of today.

I have also attached a copy of the list of exchanges converted to IntraLATA Toll Dialing Parity on January 1, 1996.

Sincerely,

PVS

Attachments



**Ameritech Michigan Exchanges Converted to
IntraLATA Toll Parity
Effective 12-2-96**

Amasa
Bark River
Bay City
Bellevue
Benton Harbor
Bessemer
Boyne City
Buchanan
Cadillac
Calumet
Champion
Channing
Charlevoix
Cheboygan
Clark Lake
Coloma
Cornell
Crystal Falls
Detroit Zone 1
Detroit Zone 2
Detroit Zone 3
Detroit Zone 4
Detroit Zone 6
East Jordan
East Tawas
Elk Rapids
Escanaba
Farwell
Flint
Frankfort
Freeland
Gladstone
Grand Rapids
Grattan
Gwinn
Harbor Springs
Hillsdale
Houghton
Indian River
Iron Mountain
Iron River
Irons
Ironwood
Ishpeming
Jackson
Kalamazoo
Keweenaw
Lake Leelanau

**Ameritech Michigan Exchanges Converted to
IntraLATA Toll Parity
Effective 12-2-96**

Lake Linden
Lake Odessa
Mackinac Island
Mackinaw City
Manistee
Marne
Marquette
Marshall
McBain
Menominee
Michigamme
Midland
Moline
Napoleon
Negaunee
Newberry
Northport
Norway
Onkama
Oscoda
Petoskey
Plainwell
Rapid River
Republic
Rockford
Saginaw
Sault Ste. Marie
Scottville
Sparta
St. Ignace
St. Joseph
Trout Lake
Wakefield
Walloon Lake
Watersmeet
Williamsburge
Wolverine

**Ameritech Michigan Exchanges Converted to
IntraLATA Toll Parity
Effective 1-1-96**

Ada
Alto
Battle Creek
Beaverton
Birch Run
Byron Center
Caledonia
Clare
Dimondale
Dutton
Eaton Rapids
Evart
Fenton
Fowlerville
Frankenmuth
Gladwin
Harrison
Holland
Holt
Lansing
Lowell
Mason
Nashville
New Buffalo
Niles
Pottersville
Reed City
St. Helen
Three Oaks
Vermontville
West Branch

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
to consider Ameritech Michigan's compliance)
with the competitive checklist in Section 271)
of the Telecommunications Act of 1996)

Case No. U-11104

**MICHIGAN PUBLIC SERVICE
FILED**

DEC - 4 1996

**MCI TELECOMMUNICATIONS CORPORATION'S REPLY
COMMENTS TO AMERITECH MICHIGAN'S SUBMISSION OF INFORMATION**

MCI Telecommunications Corporation, by its attorneys, hereby submits the following reply comments to Ameritech Michigan's submission of information related to general telecommunications market conditions in Michigan, or the issues contained in Attachment A to the Commission's August 28, 1996 Order in this docket. The purpose of these reply comments is to respond only to the submission of Ameritech Michigan. Pursuant to the Commission's August 28, 1996 Order in this docket, MCI has the right to submit information in response to the issues contained in Attachments A and B of the Commission's August 28 Order and hereby reserves the right to do so at a later time.

QUESTION

1. Entities that are licensed to provide:
 - a. Facilities based local exchange service;
 - b. Resold local exchange service.

MCI Response

Although there are a number of competitive local exchange carriers ("CLECs") that have been granted a license to provide local exchange services in Michigan, there are only three CLECs that have filed tariffs to provide service. MCI's local exchange subsidiary, MCIImetro,

has tariffs on file with the Commission and is currently providing facilities based local exchange service to a limited number of customers in the Detroit area. MCI is not currently providing service to customers through the resale of Ameritech Michigan's services. MCI understands that both Brooks Fiber and MFS have filed local exchange tariffs with the Commission.

QUESTION

2. With respect to the entities identified in Number 1, whether such entities are providing:
- Residential Exchange Service;
 - Business Exchange Service;
 - Residential Exchange Access Service (switched or special);
 - Business Exchange Access Service (switched or special).

If the entities (competitors) are not currently providing any of the above identified services, have any announcements been made of it and when such service will be offered.

MCI Response

MCImetro is currently providing business exchange service in the Detroit area.

MCImetro's local exchange tariff offers local exchange services for residential customers but no residential customers are currently purchasing service from MCImetro. MCImetro also currently provides business exchange access services.

QUESTION

3. The identity of any entities that have requested interconnection or unbundled elements from Ameritech Michigan or its affiliates. Include and identify those entities who indicated the desire to negotiate or are in mediation or arbitration with Ameritech Michigan or its affiliates for interconnection or unbundled elements at the time of this filing.

For the purpose of this item include:

- The types of interconnection requested and/or purchased;
- The specific unbundled elements requested and/or purchased;
- The date each request was made;
- The requests for which Ameritech and the entity entered into a binding agreement;
- A copy of the agreement;

- f. Proof of Michigan Public Service Commission approval under Section 252, if any.

MCI Response

On March , 1996, MCI formally requested negotiations with Ameritech for all five Ameritech states pursuant to Section 252 of the Telecommunications Act of 1996. MCI's request included all interconnection issues set forth in Section 251 and 252 of the Act. (MCI's arbitration petition is being considered by the Commission in Case No. U-11163). MCI and Ameritech were unable to reach a negotiated interconnection agreement and MCI filed for arbitration with the Commission on September 2, 1996. On November 26, 1996, the Arbitration Panel issued a Report. A final Commission arbitration order in MCI's arbitration is to be issued by the Commission on or about December 26, 1996.

MCI is aware that AT&T Communications of Michigan, Inc. ("AT&T") requested negotiations and arbitration pursuant to the Act and that the Commission issued a final order in AT&T's arbitration on November 22, 1996.

Finally, MCI is aware that Ameritech has reached interconnection agreements with MFS, Brooks Fiber and US Network. The agreement with Brooks Fiber does not address all of the interconnection issues contained in Section 251 of the Act and, to the extent it does, the agreement does not resolve those issues consistent with the Act or the Federal Communication Commission's local competition order. Ameritech's agreement with US Network is for resale services only and contains a resale discount that is not consistent with the avoided cost standard in the federal Act or the Michigan Telecommunications Act of 1991 (MTA).

QUESTION

4. The identity of any entities that have requested the purchase of services for resale from Ameritech Michigan or its affiliates. Include and identify those entities who have indicated the desire to negotiate or are in mediation or arbitration with Ameritech Michigan or its affiliates for the purchase of services for resale at the time of this filing.

For the purpose of this item include:

- a. Whether the service was requested and/or purchased pursuant to a filed tariff with specific prices or whether the prices, terms, and conditions were the result of negotiation;
- b. The specific services requested and/or purchased for resale;
- c. The request for which Ameritech Michigan and the entity entered into a binding agreement;
- d. A copy of the agreement and/or specific Michigan tariff reference;
- e. Proof of Michigan Public Service Commission approval under 47 USC 252, if any.

MCI Response

MCI is not currently offering local exchange services in Michigan through the resale of Ameritech Michigan services. MCI has requested the purchase of services for resale from Ameritech Michigan as part of its request for negotiation and arbitration under the Act. MCI is not aware whether any carriers are currently providing service in Michigan through the resale of Ameritech Michigan's services, either from Ameritech Michigan's resale tariffs or its retail tariffs.

QUESTION

5. To the extent the following information is available to Ameritech Michigan or its affiliates indicate the following:
- a. The number of access lines in the state served by Ameritech Michigan's local competitors;
 - b. The number and location of Ameritech Michigan's or its affiliates' central offices or switches that are connected to local loops served by competitors;
 - c. The geographic areas within Michigan in which Ameritech Michigan's

competitors operate. It is not sufficient to simply identify the entire state or repeat the licensed service territory of the competitor. The Commission desires more specificity;

- d. The number and type of customers that are served by Ameritech Michigan's competitors.

For the purposes of these items, any affiliate of Ameritech Michigan is not considered a competitor of Ameritech Michigan. In addition, if this information is not available to Ameritech Michigan or its affiliates intends to prove the extent of competition in the state of Michigan is required.

MCI Response

Based on the best available information, there is very limited local competition in Michigan today. For example, while Ameritech Michigan has deployed 442 switches, there are only four CLEC switches in Michigan. MCImetro has a switch in place in Detroit, as does TCG and MFS, while Brooks Fiber's switch is located in Grand Rapids.

With respect to the number of customers served by Ameritech Michigan versus customers served by CLECs, it appears as though CLECs have purchased approximately 11,000 unbundled loops which amounts to less than one percent of Ameritech Michigan's 4.78 million access lines. MCImetro is not currently serving any customers in Michigan through the purchase of unbundled loops, but is providing service to a limited number of customers over its own facilities.^{1/}

QUESTION

6. With respect to the facilities and/or networks of Ameritech Michigan's competitors, identify: (a) the extent to which each competitor is using its own facilities to provide service as compared to the use of unbundled elements or resold services obtained from Ameritech Michigan or its affiliates; (b) whether each competitor is currently constructing facilities in Michigan or has announced the intention to do so within a

^{1/} MCImetro will provide further information on the actual number of customers it is serving in a separate filing to be made in this docket and with appropriate confidential treatment of that information.

specified time period; (c) a comparison of the provision intervals and maintenance time for service Ameritech Michigan or its affiliates provides to competitors and to itself.

MCI Response

MCImetro is currently providing service to customers in the Detroit area over its own facilities. MCImetro's facilities consist of a switch (located in Detroit) and fiber facilities. MCI is currently engaged in deploying additional fiber facilities. MCImetro is not currently providing service to any customers using Ameritech Michigan's unbundled loops, although MCImetro is working with Ameritech to arrange a trial for purchasing unbundled loops.

QUESTION

8. The description and status of all complaints made to Ameritech Michigan or its affiliates, the Michigan Public Service Commission, the Federal Communications Commission, State of Michigan courts, federal courts, or other governmental authority by other carriers, competitors, or entities that have requested interconnection, access, or the ability to resell Ameritech Michigan's or its affiliates' services.

MCI Response

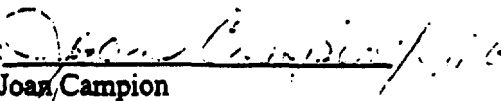
The Commission is fully aware of Ameritech Michigan's on-going efforts over the past several years to stymie the Commission's decisions to bring effective competition to the intraLATA toll market in Michigan through the implementation of dialing parity. Those efforts date back to February, 1994 and consist of appeals of Commission Orders and requests for stays, the introduction of legislation seeking to eliminate its dialing parity obligations, refusal to comply with the MTA, and more appeals of Commission Order requiring implementation of dialing parity.

And even for those exchanges where Ameritech Michigan actually implemented intraLATA dialing parity under the MTA, it sought to undermine that implementation and unlawfully protect its market share by aggressively promoting a program designed to make it more difficult for customers to change intraLATA carriers from Ameritech Michigan to other carriers such as MCI, AT&T or Sprint. In February, 1996, Sprint filed a complaint with the Commission alleging that Ameritech Michigan's PIC freeze program was misleading, deceptive and anti-competitive. Both MCI and AT&T intervened in this complaint and participated fully in the Commission's evidentiary hearings. This Commission agreed with the allegations in Sprint's complaint, finding that Ameritech's PIC freeze program was misleading and anti-competitive. In the Matter of the Complaint of Sprint Communications Company L.P. against Ameritech Michigan, Case No. U-10138, (Opinion and Order dated August 1, 1996).

More recently, AT&T filed a complaint against Ameritech Michigan alleging that the quality of access services have degraded to unacceptable levels. (Case No. U-11240). MCI, which was granted intervention, recently filed testimony showing a similar degradation of the quality of access services provided to MCI, particularly in the areas of installation and maintenance intervals.

Respectfully submitted,

MCI TELECOMMUNICATIONS
CORPORATION

By: 
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Dated: December 4, 1996



Danford R. Meggison
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December 5, 1996

Ms. Dorothy Wideman
Executive Secretary Division
Michigan Public Service Commission
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Lansing, MI 48909

MICHIGAN PUBLIC SERVICE
FILED

DEC - 5 1996

COMMISSION

Dear Ms. Wideman:

RE: Case No. U-11104

Enclosed for filing are the original and fifteen copies of AT&T Communications of Michigan, Inc.'s Motion For a One-Day Extension of Time For the Purpose of Filing Reply Comments in the above mentioned case.

Sincerely,

D. R. Meggison
(p)

Enclosures

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

**MICHIGAN PUBLIC SERVICE
FILED**

DEC - 5 1996

COMMISSION

In the matter, on the Commission's own motion,)
to consider Ameritech Michigan's compliance)
with the competitive checklist in Section 271)
of the Telecommunications Act of 1996.)

Case No. U-11104

**AT&T'S MOTION FOR A ONE-DAY EXTENSION OF TIME
FOR THE PURPOSE OF FILING REPLY COMMENTS**

1. On November 12, 1996, Ameritech filed a Submission of Information in this docket regarding information related to general telecommunications market conditions in Michigan. Pursuant to the Order entered by the Commission in this docket, all interested parties had 14 business day in which to reply to Ameritech's submission. Replies were therefore due on December 4, 1996.

2. AT&T prepared comments in reply to Ameritech's submission, completing them by 3:30 p.m. (eastern time) on December 4. The comments were prepared by AT&T's attorneys in its Chicago office and forwarded at 3:30 p.m. by electronic mail to AT&T's offices in Lansing for filing. AT&T employee Denise Pearl was standing by in Lansing to download the comments and prepare 14 copies for filing. However, due to computer malfunctions, the comments could not be accessed by Ms. Pearl until

approximately 4:40 p.m. (eastern time). By that time, Ms. Pearl did not have sufficient time to prepare the requisite number of copies and deliver the package to the Commission by the filing deadline -- 5:00 p.m. (eastern time).

3. Realizing that the comments could not be copied in time for filing, Ms. Pearl phoned Carol Tomak at the Michigan Public Service Commission to ask if the comments could be filed after 5:00 p.m. That request was denied, and AT&T was instructed to deliver the comments to the Commission for filing on December 5th.

4. This docket was opened by the Commission for consideration of important issues related to Ameritech's attempts to gain interLATA authority. Ameritech's November 12 filing raises a number of important issues regarding conditions in the telecommunications market in Michigan that are critical to the Commission's consideration of any application filed by Ameritech under Section 271. The Commission should therefore have the opportunity to review all replies to Ameritech submission as submitted by interested parties, including AT&T.

5. AT&T employees worked vigilantly to prepare and file AT&T's reply comments in a timely fashion. AT&T's failure to timely file its comments was due entirely to computer malfunctions outside the control of AT&T and its employees. But for the unexpected computer failures, AT&T's comments would have been filed in a timely fashion.

6. Because there are no currently established deadlines for consideration of the information filed in this docket, and because the Commission has invited interested



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December 4, 1996

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Michigan Public Service Commission
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P.O. Box 30221
Lansing, MI 48909

MICHIGAN PUBLIC SERVICE
FILED

DEC - 5 1996

COMMISSION

Dear Ms. Wideman:

RE: Case No. U-11104

Enclosed for filing are the original and fifteen copies of the Reply Comments of AT&T Communications of Michigan, Inc. to Ameritech's Submission of Information Related to General Telecommunications Market Conditions in Michigan, in the above mentioned matter.

Sincerely,

D. R. Meggison
(+)

Enclosures

STATE OF MICHIGAN

**MICHIGAN PUBLIC SERVICE
FILED**

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION DEC - 5 1996

COMMISSION

In the matter, on the Commission's own motion,)
to consider Ameritech Michigan's compliance)
with the competitive checklist in Section 271)
of the Telecommunications Act of 1996.)

Case No. U-11104

**AT&T'S REPLY COMMENTS TO AMERITECH'S SUBMISSION OF
INFORMATION RELATED TO GENERAL TELECOMMUNICATIONS
MARKET CONDITIONS IN MICHIGAN**

Pursuant to the Commission's August 28, 1996 Order, AT&T hereby responds to Ameritech Michigan's submission of information related to general telecommunications market conditions in Michigan. Although AT&T is submitting these comments in reply to issues raised by Ameritech's submission, AT&T, as an "interested party," is "not limited to filing responses to Ameritech Michigan." See MPSC August 28, 1996 Order, Case No. U-11104, p. 3. Indeed, interested parties have been invited by the Commission to file information relevant to this docket at any time. Because AT&T's analysis of the issues raised by the Commission in this docket is currently incomplete, AT&T hereby reserves the right to submit, at a later time, additional information in response to the issues outlined in Attachments A and B to the August 28 Order.

INTRODUCTORY REPLY COMMENTS

Ameritech is correct in stating that the Michigan Legislature and this Commission have taken an aggressive and pro-active role in attempting to foster competition in the local telecommunications market in Michigan. The Michigan Telecommunications Act, which was designed by the Legislature to bring about competition in the local marketplace, includes a direct statement of the Act's purpose: to "[a]llow and encourage competition to determine the availability, prices, terms and other conditions of providing telecommunications service" (MCL 484.2(101)(b)); and to "[e]ncourage the introduction of new services, the entry of new providers, the development of new technologies, and increase investment in the telecommunications infrastructure in this state through incentives to providers to offer the most efficient services and products." (MCL 484.2(101)(d)).

Ameritech, however, does not share in these laudable competitive goals. To the contrary, Ameritech, as the incumbent local monopoly, has adamantly and consistently resisted true competition in the local exchange. In fact, Ameritech has appealed a number of Commission Orders designed to encourage or promote local competition, including the Commission's Order establishing the methodology for determining the long run total incremental cost pricing for each component of the local exchange network and access services (Case No. U-10620), and an Order addressing interconnection arrangements and the unbundling of network elements (Case No. U-10860).

Moreover, contrary to Ameritech's suggestion in this docket, there are not "literally hundreds of providers" offering local exchange services in Michigan. To be

parties to file relevant information at any time, no party is prejudiced by AT&T's request for a one-day extension for the purpose of filing its reply comments.

7. Therefore, AT&T respectfully requests that the Commission grant it an one-day extension of time for the purpose of filing Reply Comments in this docket and accept its Reply Comments for filing on December 5.

Dated: December 5, 1996

Respectfully submitted

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Attorneys for AT&T Communications of Michigan, Inc.

precise, there are only four -- Brooks Fiber, MCI Metro, MFS and TCG -- and they are offering service over only four end office switches (as compared to the 442 switches currently employed by Ameritech Michigan). And Ameritech itself has acknowledged the lack of local competition in this State. On April 17, Ameritech filed with the FCC to deaverage by state its Carrier Common Line Charges ("CCLC"). In its description and justification for this filing, Ameritech stated: "In the Ameritech region, Illinois is currently facing the most [local exchange] competition, yet the regional CCL rates in Illinois subsidize the considerably higher common line "costs" attributable to Ameritech's other four states." Ameritech's proposed deaveraged CCLC figure for Michigan is the highest in the region, proving the lack of competition in this State.¹

Ameritech's hostility toward competition in its marketplaces has been demonstrated most dramatically by its dogged opposition to the Commission's attempts to implement intraLATA dialing parity. On February 24, 1994, this Commission determined that intraLATA dialing parity was necessary for effective competition, that it was in the public interest and that it was therefore to be implemented no later than January 1, 1996. Yet prior to December 2, consumers in only approximately 10% of Ameritech Michigan's exchanges enjoyed the right to preselect a carrier to handle his or her intraLATA toll calling on a 1+ basis.² Through Herculean efforts, which have included multiple appeals to this Commission, three State Court appeals and one Federal Court appeal, Ameritech

¹ AT&T will file, under separate cover, a copy of Ameritech's April 17 letter submission to the FCC regarding this request.

² On November 27, Ameritech filed an alternative plan for implementation of intraLATA presubscription contemplating a cut-over of 50% of their total lines by December 2 and asking for the Commission's approval of this new schedule. Ameritech apparently believes that compliance with Commission Orders is either optional or negotiable. In any event, Ameritech's November 27 filing will be addressed in separate reply comments.

has effectively ensured that the majority of Michigan consumers are not currently enjoying the benefits that intraLATA dialing parity would undoubtedly yield. Not coincidentally, it is these same efforts that have allowed Ameritech to protect its intraLATA toll revenues in Michigan -- estimated at \$55 million/month.

The burden is on Ameritech in this docket to offer proof that the local exchange marketplace is competitive. To date, Ameritech has offered little -- through either its actions or its submissions in this docket -- to demonstrate its commitment to allowing local competition to emerge in Michigan. If anything, the data available to date demonstrates that local competition has been effectively subdued. Of the close to 5 million access lines in the Ameritech Michigan service territory, only 20,000 -- or approximately 0.40% -- are being served by a local exchange provider other than Ameritech. These facts lie in stark contrast to Ameritech's boasts of the "rapid entry of new providers into the local exchange marketplace" and blanket assertion that "competitors are moving ahead rapidly in Michigan." Ameritech's Submission, Introduction, pp. 2 and 5. Moreover, Ameritech's broad assurances that Michigan's future will be rife with local competition do nothing to alter the basic facts: at present, only a fraction of 1% of Michigan's residential subscribers are being served by a competitive service provider. See "Competition for Residential Customers in Ameritech-MI Service Territory," attached.

AT&T replies next to some of the specific information submitted by Ameritech. However, given the broad nature of the issues raised by the Commission in this docket,

AT&T reserves its right to submit additional comments when AT&T's analysis of matters related to this docket is complete.

SPECIFIC REPLY COMMENTS

1. Entities that are licensed to provide: (a) Facilities-based local exchange service; (b) Resold local exchange service.

AT&T Reply Comment:

On November 14, 1996, AT&T was certified to provide basic local exchange service (resale and facilities-based) in all exchanges served by Ameritech Michigan and GTE. (See U-10845, U-11052 and U-11169). Although the applications of a number of other telecommunications providers have been granted (see "Status of CLEC Applications in the Ameritech Region" attached), only four of those providers have filed local exchange tariffs: MCI Metro; Brooks Fiber; MFS; and TCG.

As to all others, AT&T defers to Ameritech and the entities in question to provide additional information on the extent to which they have been certified or authorized to provide local exchange services and whether such entities are indeed currently providing such services in Michigan. Once these entities have provided the Commission with the necessary information, AT&T reserves the right to address the host of issues that will arise in connection with the responses, including: the extent to which any such entities are currently providing services; the areas in which services are being provided; the customers being served by such entities; the types of services being offered; the price and quality of the services being offered; the facilities being used to offer the services; and the percentage of Michigan traffic that these entities carry.

2. With respect to the entities identified in Number 1, whether such entities are providing: (a) Residential Exchange Service; (b) Business Exchange Service; (c) Residential Exchange Access Service (switched or special); (d) Business Exchange Access Service (switched or special).